

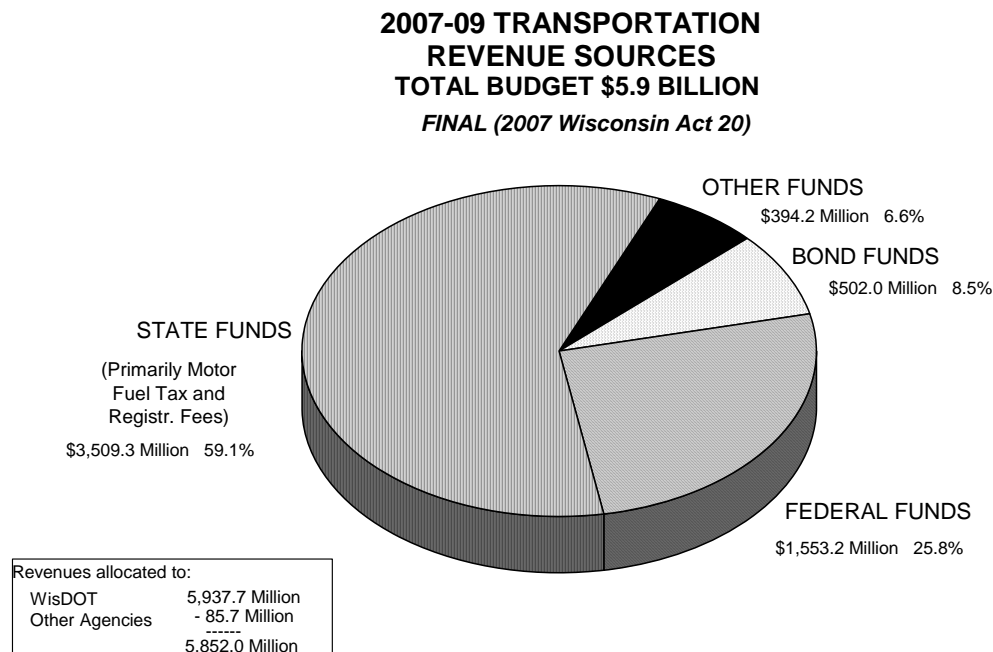
2007-09 Biennial Budget Highlights 2007 Wisconsin Act 20

Wisconsin Department of Transportation

This document highlights the major issues relating to the Department of Transportation's 2007 – 09 biennial budget, as finalized by legislative action and the Governor's vetoes to 2007 Wisconsin Act 20.

Revenue Sources – The pie chart below shows the Department's revenue sources in four categories: State Funds, Federal Funds, Bond Funds, and Other Funds.

State transportation funds are comprised primarily of state motor fuel tax, vehicle registration, driver license, and other miscellaneous fees. Other funds are comprised of local and service funds, program and general purpose revenues.



31-Oct-07

Revenue Initiatives

The budget raises automobile registration fees by \$20.00, from \$55.00 to \$75.00. This change will generate \$35.3 million in FY 08 and \$71.9 million in FY 09. Registration fees on light trucks will also increase:

- “A” trucks to increase from \$48.50 to \$75.00
- “B” trucks to increase from \$61.50 to \$84.00
- “C” trucks to increase from \$77.50 to \$106.00

This will generate \$12 million in FY 08 and \$24.7 million in FY 09.

Registration fees for heavy trucks with a gross vehicle weight of 10,000 pounds or more will increase 30 percent. This change will generate \$7.6 million in FY 08 and \$49.2 million in FY 09.

All vehicle registration fee increases will take effect on January 1, 2008.

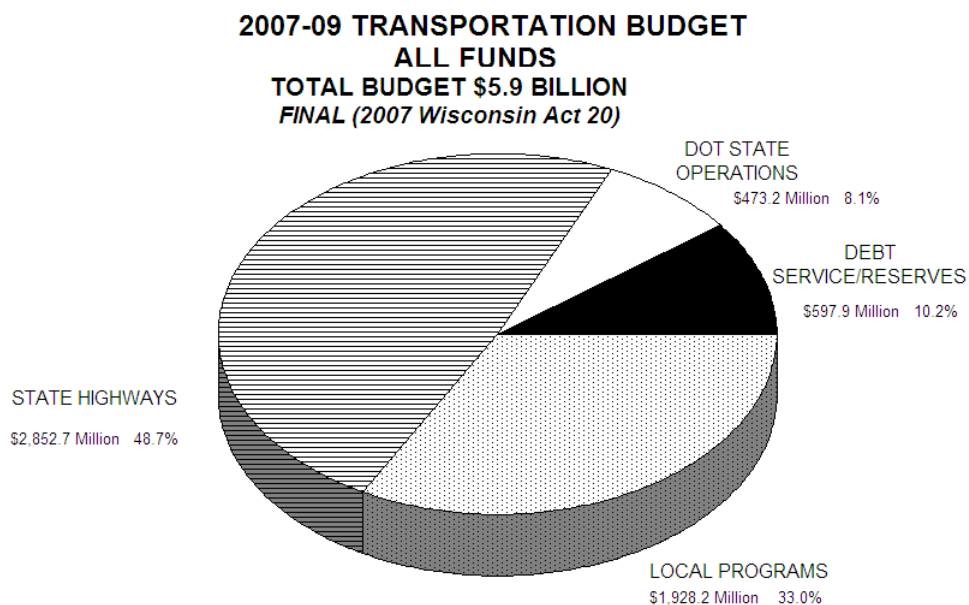
The budget increases the standard vehicle title fee by \$24.50, from \$28.50 to \$53.00, effective January 1, 2008. This will generate \$17.5 million in FY 08 and \$35.1 million in FY 09 in additional revenue. The budget also extends the December 31, 2007 sunset of the \$9 environmental impact fee to December 31, 2009.

The budget also includes a \$10.00 federal security verification fee, effective January 1, 2008, for most driver license, commercial driver license, and identification card transactions. The fee will generate \$6.9 million in FY 08 and \$13.8 million in FY 09. The fee is necessary because of the significant cost associated with implementing the federally mandated REAL ID Act of 2005.

The budget also increases the valid period of a state-issued identification card from four to eight years and an increase in the current fee from \$9.00 to \$18.00, effective January 1, 2008.

The budget includes an additional transfer from the Petroleum Inspection Fund to the Transportation Fund of \$14 million in FY 08. The total transfer will be \$20.3 million in FY 08 and \$6.3 million in FY 09.

Expenditures – The following pie chart separates the Department's budgeted expenditures into four categories: State Highways, Local Programs, Debt Service and Reserves, and DOT State Operations.



31-Oct-07

Highway Program

Southeast Freeways – The budget provides \$167.3 million in FY 08 and \$227.3 million in FY 09 in total program funding. These amounts include:

- \$182 million for the reconstruction of I-94 between the Mitchell Interchange and the Illinois state line, including \$90.2 million in Transportation Fund supported general obligation (GO) bonds. In total, the Department will spend \$245 million on the project during the biennium.
- \$17 million in FY 08 and \$7 million in FY 09 for the required environmental studies and preliminary engineering related to the reconstruction of the Zoo Interchange in Milwaukee County. No new state positions are provided.

The budget also includes statutory language to enumerate the I-94 North-South Project as well as the reconstruction of the Zoo Interchange.

The budget prohibits additional lanes on I-94 adjacent to Wood National Cemetery in Milwaukee County between Hawley Road and the Stadium Interchange.

Finally, the budget provides \$16 million in FY 08 and \$11 million for project costs in FY 09 for the completion of the Marquette Interchange at the junction of I-94, I-794 and I-43. No new funds are provided and the total estimated project cost remains at \$810 million.

Major Highway Program – This program provides for the development and construction of new or significantly improved highways.

The budget provides total program funding of \$314.4 million in FY 08 and \$322.7 million in FY 09, for an increase of 5.2 percent in FY 08 and 8.0 percent in FY 09 when compared to FY 07 funding for the program. Bond funds will comprise 52.3 percent of program funding over the biennium.

State Highway Rehabilitation (SHR) – This program provides for the rehabilitation of existing highways and bridges.

The budget includes total funding of \$670.6 million for FY 08 and \$691.6 million in FY 09, for an increase of 9.2 percent in FY 08 and 12.6 percent when compared to FY 07 funding for the program.

State Highway Maintenance & Traffic Operations – This program includes snowplowing, applying salt, inspecting bridges, maintaining rest areas and waysides, replacing signs, installing traffic signals, and repainting highway markings.

The budget includes total funding of \$203.9 million in FY 08 and \$212.2 million in FY 09. These amounts include a 2.5 percent annual inflationary increase in state funds, totaling \$4 million in FY 08 and \$8 million in FY 09, along with an increase of \$10.5 million in FY

08 and \$10.5 million in FY 09 to restore routine maintenance funding, and \$3.5 million in FY 08 and \$7.8 million in FY 09 for system growth.

Local Aid Programs

General Transportation (GTA) – These funds are distributed to local governments to partially offset the cost of maintaining and improving roads and streets.

The budget provides a 3 percent inflationary increase in each year for counties and municipalities, for total funding of \$394.2 million in FY 08 and \$406.1 million in FY 09.

Elderly and Disabled – These funds are distributed to counties to support the continued mobility of these populations.

The budget includes a 2 percent inflationary increase in state funds for each year, for total program funding of \$15.7 million in FY 08 and \$15.9 million in FY 09.

Transit and Local Roads -- The budget for the biennium includes funding of \$215.2 million for Transit Operating Aids. This includes a 2.5 percent inflationary increase in state funds, plus an additional \$3.2 million per year for Milwaukee and an additional \$1.6 million per year for the remaining transit tiers.

The Local Roads Improvement Program (LRIP) will also receive a 2 percent inflationary increase in state funds for each year. Total funding for the biennium is \$266.7 million, including \$140.8 million FED and \$77.3 million LOCAL.

The budget provides the Highway and Local Bridge Assistance Program with \$83.5 million in total funding for the biennium, including \$48.9 million FED and \$17.6 million LOCAL.

The budget fully funds Lift Bridge Aids in FY 08 at \$1.9 million and in FY 09 at \$2.3 million based on actual and estimated costs, respectively, instead of prorating lift bridge reimbursements.

Rail, Air, and Harbor – These funds provide support for multimodal transportation alternatives.

Rail

The budget provides the Passenger Rail Assistance Program \$11.6 million in total funding for the biennium. This includes an increase in funding of \$639,100 SEG and \$36,600 FED in FY 08 and \$674,600 SEG and \$178,600 FED in FY 09 for the Hiawatha service provided by Amtrak between Milwaukee and Chicago. This ensures continuation of existing service and adds an additional passenger car to each train to address capacity issues.

The budget provides an additional \$32 million in GO bond authority for a total of \$80 million available to match federal funds provided for the expansion of passenger rail service in Wisconsin. The budget also includes statutory language to expand the use of

bonding for high-speed rail facilities between Madison and La Crosse, Madison and Eau Claire, and between Milwaukee and Chicago.

The budget provides additional funding in the amount of \$800,000 for development of the Kenosha-Racine-Milwaukee commuter rail system. This funding will be placed in the Joint Committee on Finance's (JFC) reserve appropriation.

Finally, the budget includes \$22 million in GO bonding authority for the Freight Rail Preservation Program for the biennium. This represents a \$17.5 million increase over traditional biennial funding levels.

Air

The budget provides the Airport Improvement Program with inflationary increases of 2 percent in state funds for FY 08 and FY 09. Total funding for the aeronautics program is \$258.5 million for the biennium.

Harbor

The budget provides \$12.7 million in GO bonding authority for the Harbor Assistance Program, a level consistent with the amount approved for the 2005-07 biennium.

Other -- The budget includes funding for the creation of the Bicycle and Pedestrian Facilities Program. Funding for the new program is \$2.7 million FED and \$680,000 LOCAL in FY 09.

The budget includes \$4.6 million FED and \$460,000 LOCAL in FY 08 and \$3.2 million FED and \$323,000 LOCAL in FY 09 for the newly created Safe Routes to Schools Program.

Service Divisions

State Patrol --- The budget provides total funding of \$75.7 million in FY 08 and \$76 million in FY 09. These amounts include:

- \$550,000 in FY 08 and \$528,200 in FY 09 to fund costs associated with fleet operations.
- \$371,400 in FY 09 to purchase 600 digital narrow-band mobile radios to replace obsolete analog wide-band radios in DSP vehicles.
- \$75,000 annually for the 2007-09 biennium only, to fund a "rider to rider" campaign to reduce impaired motorcycle riding.

Motor Vehicles --- The budget provides total funding of \$84.9 million in FY 08 and \$71.4 million in FY 09. These amounts include:

- \$9.8 million in FY 08 and \$12.2 million in FY 09 (and 25.9 FTE positions) to implement the federal REAL ID Act of 2005.

These funds will be held in the JFC supplemental appropriation and DOT may submit one or more requests to release the funds.

The REAL ID Act is effective May 2008, and requires proof of identity, storage of identity source document images in an electronically transferable format, and data sharing among the states before the state can issue a driver license or state ID card.

- \$60,300 in FY 08 and \$80,400 in FY 09 for increased costs associated with the National Motor Vehicle Title Information System.
- \$214,000 in FY 08 and \$14,000 in FY 09 for computer system changes and administrative costs resulting from participation in the federal Unified Carrier Registration (UCR) program.
- \$50,000 in FY 08 to continue the vehicle inspection program; \$12.1 million in spending authority in FY 09 is placed into JFC's supplemental appropriation for contractual obligations arising from the use of on-board diagnostic testing in the vehicle emission inspection program. The Department during the last quarter of FY 08 may request these funds.

Division of Business Management --- Program funding includes:

- \$484,100 in both years of the biennium for higher utility costs, including the maintenance and utility costs associated with Size and Weight Enforcement Facilities on the highway system.
- \$203,000 in FY 08 and \$152,000 in FY 09 to cover increased rent costs associated with the relocation of the Waukesha and Madison West DMV service centers.

Other Issues

- Major state agencies will be required to lapse \$200 million biennially in the 2007-09 and 2009-11 biennium. The Department's portion of the lapse has not yet been determined.
- Revenue bond proceeds and other funds are provided for major building projects, including: State Patrol's statewide gap filler communication towers, remodeling of the Fond du Lac State Patrol post, renovation of the Motor Vehicle service center office in Wausau, and remodeling of the Motor Vehicle service center in Eau Claire.
- \$50 million in GO bond authority for replacement of the DOT Hill Farms Office Building.
- The budget specifies that the Department may only print state highway maps in one year of each biennium.

- The budget also includes numerous “earmarks” for various programs for the 2007-09 biennium.